



United States General Accounting Office
Washington, DC 20548

Accounting and Information
Management Division

B-285385

June 2, 2000

Congressional Requesters

Subject: Review of the Bureau of Land Management's Administration and Use of Mining Maintenance Fees

This letter summarizes the information provided during our briefing to your office on April 10, 2000. The enclosed briefing slides highlight the results of our work and the information provided. You asked that we determine for fiscal year 1998, (1) whether the Department of the Interior's Bureau of Land Management (BLM) used Mining Law Administration Program (MLAP) fees¹ to process mineral patent applications and whether this use was appropriate, and (2) the amount of MLAP fees collected by BLM in fiscal year 1998 and how BLM used these fees.

The Department of the Interior and Related Agencies Appropriation Act of 1993 authorized the collection of a \$100 annual fee per claim or site from the holders of unpatented² mining claims, mill sites, and tunnel sites in lieu of the annual \$100 worth of labor or improvements required by the Mining Law of 1872.³ The Omnibus Budget Reconciliation Act of 1993 authorized the collection of annual \$100 mining maintenance fees on unpatented mining claims and sites for a 5-year period (through September 30, 1998), and the collection of a \$25 location fee on new claims and sites for the same period. The Department of the Interior and Related Agencies Appropriations Act of 1999 reauthorized the collection of the maintenance and location fees for 3 additional years (through September 30, 2001). The Department of the Interior and Related Agencies Appropriations Act of 1998, and prior appropriations, required that these fees be used to fund MLAP operations.

¹Mining Law Administration Program fees include mining maintenance fees and location fees.

²The Mining Law of 1872 (30 U.S.C. 21 et seq.) authorized the holder of a claim or site to purchase title to (or "patent") the land on which the claim or site was located from the federal government. Patenting is not required for operation of a mining claim or site.

³The Mining Law of 1872 allows an individual to assert a right of possession (locate or "stake" a claim) on public land due to the presence of a valuable mineral deposit. The law required the holder of such a mining claim to perform at least \$100 worth of labor or improvements on the claim annually, referred to as "assessment work."

In addition, the Department of the Interior and Related Agencies Appropriations Act of 1995 imposed a funding moratorium on the processing and issuing of mineral patents. Section 113 of the 1995 Act limited the issuance of future/additional mineral patents to only those patent applications for which a First Half of Mineral Entry Final Certificate was granted or pending prior to October 1, 1994. The funding moratorium and the exception for these “grandfathered” patents were retained in subsequent appropriations, including the Department of the Interior and Related Agencies Appropriations Act of 1998.

Results in Brief

In fiscal year 1998, BLM used MLAP fee funds to process various “grandfathered” patent applications, as authorized by the Department of the Interior and Related Agencies Appropriations Act for 1998, Section 314 (b). During fiscal year 1998, BLM collected over \$28.8 million in MLAP fees, with BLM’s Nevada State Office collecting approximately \$14.8 million, approximately 51 percent of the total collections. In the same year, MLAP reported obligations totaling \$37.6 million.⁴ We reviewed nine of BLM’s administrative states⁵ and offices, as well as the Bureauwide account,⁶ to determine how the MLAP funds were used. These nine states/offices and the Bureauwide account reported MLAP obligations of almost \$27.8 million, representing over 74 percent of total MLAP obligations. BLM classified these obligations as either labor or operational in purpose.

Labor obligations for the nine states/offices and the Bureauwide account totaled over \$18.6 million, representing almost 67 percent of total obligations. The grade levels of BLM staff charging MLAP ranged between GS-1 and the Senior Executive Service (SES), with staff from Grade Levels 9 through 12 charging the largest number of work hours--over 293,000--which is 55 percent of total work hours.

Operational obligations for the nine states/offices and the Bureauwide account totaled almost \$9.2 million, representing over 33 percent of total obligations. These operational obligations included obligations for contracts/services, equipment, other, permanent change of station, rent, supplies/materials, telephones, travel, utilities, and vehicles. Over \$3.9 million, 43 percent of total MLAP operational obligations, were used to fund various contracts/services.

During fiscal year 1998, almost 68 percent of the total operational obligations we reviewed were used for activities directly related to MLAP operations, including collecting fees, recording claims, processing patent applications and plans of

⁴MLAP program operations are funded by (1) a no-year lump sum MLAP appropriation and (2) MLAP fees, which include the annual \$100 mining maintenance fees on unpatented mining claims and sites and the \$25 location fee on new mining claims and sites. These fees are credited to the no-year appropriation.

⁵Administrative states are BLM’s administrative offices, which in some cases have jurisdiction over areas beyond the boundaries of the state named.

⁶Bureauwide is an account used for the accumulation of certain program support obligations.

operation, and making surface inspections. Thirty-two percent of total operational obligations were used for various support activities, including telephone services, utilities, and information services.

Agency Comments

We obtained oral comments on a draft of our briefing slides from BLM officials. They generally agreed with our findings and their comments have been incorporated as appropriate.

Scope and Methodology

To determine whether the use of mining maintenance fees to process patent applications was appropriate, we reviewed BLM's legal authorization to obligate funds for patent processing and discussed the patent application process and related obligations with BLM officials.

To determine the amount of fees collected, we obtained the accounting end-of-year balances for MLAP fee collections for fiscal year 1998 from the Federal Financial System and discussed the collections with BLM officials. Our review was limited to an examination of BLM's administration and use of MLAP fees in the administrative states/offices of Alaska, California, Colorado, the Eastern States Office, Nevada, New Mexico, Oregon, Utah, and the Washington Office; as well as the Bureauwide account. We prepared various analyses of labor and all other object class categories (the latter collectively referred to as operational obligations) charged to MLAP. These analyses included collections versus obligations; labor obligations versus operational obligations; labor obligations by grade, individual offices, and job series; and operational obligations by category (e.g., contracts, equipment, vehicles) for each administrative state/office and the Bureauwide account.

We also reviewed a sample of the operational obligations under the contracts/services category, the category with the largest amount of obligations charged to MLAP in fiscal year 1998. For our sample, we selected payees based on the total amount charged by individual payees to MLAP for contracts/services. Our sample covered almost \$2.7 million, 68.5 percent of the total obligations for the contracts/services category.

Finally, we reviewed the accounting records for the operational categories of equipment, other, permanent change of station, rent, supplies/materials, telephones, travel, utilities, and vehicles in order to determine the purposes for which the funds were obligated. We summarized the obligations in each category by budget object class.

We are currently in the process of preparing a CD-ROM that will include expanded details on the information in this letter, such as obligations and claim information below the state level, by district office, for example, as well as graphical displays of MLAP obligations for the nine states/offices reviewed and the Bureauwide account.

We did not independently verify the reliability of the accounting data provided nor did we trace the data to the systems from which they came. We did not assess whether the contracts/services reviewed were properly funded with MLAP funds. We conducted our work from April 1999 through March 2000 in accordance with generally accepted government auditing standards.

As agreed with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this letter until 10 days after its date. At that time, we will send copies to Senator Jeff Bingaman, Ranking Minority Member, Senate Committee on Energy and Natural Resources; Senator Ron Wyden, Ranking Minority Member, Subcommittee on Forests and Public Land Management, Senate Committee on Energy and Natural Resources; Representative George Miller, Ranking Minority Member, House Committee on Resources; and Representative Robert A. Underwood, Ranking Minority Member, Subcommittee on Energy and Mineral Resources, House Committee on Resources. We will also send copies to the Honorable Bruce Babbitt, Secretary of the Interior, and the Honorable Tom Fry, Director of the Bureau of Land Management. We will make copies available to others upon request.

If you have any questions about this letter or the briefing slides, please contact me at (202) 512-9508 or Mark Connelly, Assistant Director, at (202) 512-8795.

Sincerely yours,



Linda M. Calbom
Director, Resources, Community,
and Economic Development, Accounting
and Financial Management Issues

Enclosure

List of Requesters

The Honorable Frank Murkowski
Chairman
Committee on Energy and Natural Resources
United States Senate

The Honorable Larry E. Craig
Chairman
Subcommittee on Forests and Public Land Management
Committee on Energy and Natural Resources
United States Senate

The Honorable Don Young
Chairman
Committee on Resources
House of Representatives

The Honorable Barbara Cubin
Chairman
Subcommittee on Energy and Mineral Resources
Committee on Resources
House of Representatives

Briefing on BLM's Administration and Use of Mining Maintenance Fees



**Accounting and Information
Management Division**

**The Bureau of Land Management's Administration
and Use of Mining Maintenance Fees**

**Briefing to the Subcommittee on Energy & Mineral
Resources, House Committee on Resources, and
the Subcommittee on Forests & Public Land
Management, Senate Committee on Energy &
Natural Resources**

April 10, 2000



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 - MLAP functions accomplished as reported by BLM
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Objectives

- Determine whether BLM used MLAP fees¹ to process mineral patent applications in FY 1998, and whether this use of funds was appropriate
- Determine the amount of MLAP fees BLM collected in FY 1998 and how BLM used these funds

¹ MLAP fees include mining maintenance fees and location fees.



Background

- The Mining Law of 1872² allows an individual to assert a right of possession (locate or “stake” a claim) on public land due to the presence of a valuable mineral deposit. The law required the holder of such a mining claim to perform at least \$100 worth of labor or improvements on the claim annually, referred to as “assessment work,” in order to maintain the claim.
- The Department of the Interior and Related Agencies Appropriations Act of 1993 amended the Mining Law of 1872 by authorizing the collection of a \$100 annual fee per claim or site from the holders of unpatented³ mining claims, mill sites, and tunnel sites, in lieu of the required annual assessment work.

² 30 U.S.C. 21 et seq.

³ The Mining Law of 1872 authorized the holder of a claim or site to purchase from the federal government title to (or “patent”) the land on which the claim or site was located. Patenting is not required for operation of a mining claim or site.



Background (cont.)

- The Omnibus Budget Reconciliation Act of 1993 authorized the collection of:
 - \$100 annual maintenance fees from the holders of unpatented mining claims, mill sites, and tunnel sites for a 5-year period (through September 30, 1998) and
 - \$25 location fees on new mining claims and sites for a 5-year period (through September 30, 1998).
 - The Department of the Interior and Related Agencies Appropriations Act of FY 1999 reauthorized the collection of the maintenance fees and location fees for 3 additional years (through September 30, 2001).
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Background (cont.)

- In the Department of the Interior and Related Agencies Appropriations Act of 1998, and prior appropriations, Congress required that these fees be used to fund BLM's MLAP operations. These operations include:
 - maintaining and adjudicating⁴ records of unpatented mining claims, mill sites, and tunnel sites;
 - completing mineral examinations and processing of the "grandfathered"⁵ mineral patent applications;

⁴ Adjudicating includes receiving, recording, and verifying mining claim information.

⁵ The Department of the Interior and Related Agencies Appropriations Act of 1995 imposed a funding moratorium on the processing and issuing of mineral patents. Section 113 of that Act limited the issuance of future/additional mineral patents to only those applications that were at a certain stage in obtaining a patent (i.e., those for which a "First Half of Mineral Entry Final Certificate" was granted or pending) prior to October 1, 1994. Patent applications that were at this stage prior to October 1, 1994, are referred to as "grandfathered."



Background (cont.)

- collecting and recording fees;⁶
- conducting a comprehensive program of inspections and enforcement to ensure compliance with the terms of plans and notices of operation and related state and local regulations;
- conducting validity examinations of mining operations in order to eliminate cases of mineral trespass;
- identifying and eliminating cases of unauthorized occupancy of mining claims;

⁶ Fees include the annual \$100 mining maintenance fee on unpatented mining claims and sites and the \$25 location fee on new mining claims and sites.



Background (cont.)

- making valid existing rights determinations in areas that have been closed to mining claim location,⁷ and reviewing and processing determinations prepared by other agencies; and
- reviewing and approving plans and notices of mining operations in accordance with surface management regulations for mining operations in order to prevent unnecessary and undue degradation of the public lands.

⁷ A valid existing rights determination establishes whether a mining claim was a valid discovery (1) prior to the closing of the area to mining claim location and (2) at the time of the determination. A determination of a valid existing right allows a claim holder to initiate or continue mining operations in an area that would be otherwise closed to mineral exploration. An area may be closed to mining location by congressional action, such as the creation of a wilderness area or national park, or administratively due to a proposed land exchange or land use plan.



Scope and Methodology

- In order to determine whether the use of MLAP fees to process patent applications was appropriate, we reviewed BLM’s legal authorization to obligate funds for patent processing and discussed the patent application process and related obligations⁸ with BLM officials.
- In order to determine the amount of fees collected, we obtained the accounting end-of-year balances for MLAP fee collections in fiscal year 1998 from the Federal Financial System (FFS) and discussed the collections with BLM officials.

⁸ Obligations is a budgetary accounting term that reflects amounts of orders placed, contracts awarded, services received, and similar actions requiring payments. This may differ from accrual accounting terms, such as cost or expenses, which reflect when goods or services are received versus orders placed or contracts awarded.



Scope and Methodology (cont.)

- In order to determine how fees were used to fund MLAP operations, we obtained the records for MLAP FY 1998 obligations from BLM's accounting and payroll systems. As agreed, our review focused on the administrative states⁹ of Alaska (AK), California (CA), Colorado (CO), Eastern States Office (ES), Nevada (NV), New Mexico (NM), Oregon (OR), and Utah (UT), as well as BLM's Washington Office (WO) and the Bureauwide account¹⁰ (BW).
- We prepared an analysis of labor and all other object class categories (the latter collectively referred to as operational obligations hereafter) charged to MLAP, including analyses of:
 - collections versus obligations;

⁹Administrative states are BLM's administrative offices, which in some cases have jurisdiction over areas beyond the boundaries of the state named.

¹⁰ Bureauwide is an account used for the accumulation of certain program support obligations.



Scope and Methodology (cont.)

- labor obligations versus operational obligations;
 - labor obligations by grade, individual offices, and job series; and
 - operational obligations by category (e.g., contracts, equipment, vehicles) for each state, office, or account.
- We also reviewed a sample of the operational obligations under the contracts/services category, the category with the largest amount of obligations charged to MLAP in FY 1998, and discussed the purposes of the contracts/services with BLM officials. For our sample, we selected payees based on the total amount charged by individual payee to MLAP for contracts/services. Our sample covered almost \$2.7 million, or 68.5 percent, of the total obligations for the category.



Scope and Methodology (cont.)

- We reviewed the accounting records for the other operational categories to determine the purposes for which the funds were obligated and summarized the obligations in each category by budget object class.
- We obtained and incorporated agency comments as appropriate.
- We are preparing a CD-ROM that will include expanded details on information included herein, such as obligations and claim information below the state level, for example, by district office, as well as graphical displays of MLAP obligations for the 9 states/offices and the Bureauwide account reviewed.



Scope and Methodology (cont.)

- We did not independently verify the reliability of the underlying accounting data provided nor did we trace the data to the systems from which they were obtained.
- We did not assess whether the contracts/services reviewed were properly funded with MLAP funds.
- We conducted our work from April 1999 through March 2000 in accordance with generally accepted government auditing standards.



Findings

Patent Application Processing

- In FY 1998, as authorized by the Department of the Interior and Related Agencies Appropriations Act for 1998, Section 314 (b), BLM continued to use MLAP funds to process “grandfathered” patent applications.
 - The Department of the Interior and Related Agencies Appropriations Act of 1995 imposed a funding moratorium on the processing and issuing of mineral patents. Section 113 of the 1995 act limited the issuance of future/additional mineral patents to only those patent applications for which a First Half of Mineral Entry Final Certificate was granted or pending prior to October 1, 1994.
 - The funding moratorium and the exception for the “grandfathered” patents were retained in subsequent appropriations, including the 1998 act.
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Findings Fee Collections and MLAP Obligations

- BLM reported collections of over \$28.8 million in MLAP fees in FY 1998. BLM's Nevada State Office collected approximately \$14.8 million, or about 51 percent, of total collections.
- MLAP reported obligations totaling \$37.6 million for FY 1998.
- A breakdown of these fees and MLAP obligations is presented in the following table.



Findings Fee Collections and MLAP Obligations (cont.)

Administrative State/Office	FY 1998 Collections ^a	FY 1998 MLAP Obligations ^a
Alaska	\$ 963,705	\$ 2,294,937
Arizona	2,592,075	2,939,132
California	2,493,908	3,679,893
Colorado	784,670	1,976,468
Eastern States	1,450	752,296
Idaho	1,341,455	1,541,105
Montana	1,582,775	1,822,382
Nevada	14,817,115	6,363,270
New Mexico	758,830	1,766,041
Oregon	629,410	2,515,017
Utah	1,186,210	2,318,728
Wyoming	<u>1,672,440</u>	<u>1,612,650</u>
Subtotal	28, 824,043	29,581,919
National Business Center	0	91,869
Bureauwide Account	0	4,542,318
National Office of Fire & Aviation	0	217,000
Office of IRM/Modernization	0	876,172
National Applied Resource Sciences Center	0	301,111
National Training Center	0	461,725
Washington Office	<u>0</u>	<u>1,585,209</u>
Subtotal	0	8,075,403
Total ^b	<u>\$28,824,043</u>	<u>\$37,657,322</u>

^a MLAP program operations are funded from (1) a no-year lump sum MLAP appropriation and (2) collected fees, including the mining maintenance fees and location fees, which are credited to the no-year appropriation. In FY 1998, MLAP obligations exceeded total fee collections. As authorized, the difference was funded from the no-year lump sum appropriation.

^b Because of rounding, totals may not be precise.

Source: Bureau of Land Management.



Findings

Use of Funds for MLAP

- We reviewed 9 of the 19 administrative states and offices as well as the Bureauwide account (as shown in the following table) to determine how MLAP funds were used. The 9 states/offices and the Bureauwide account reported MLAP obligations of almost \$27.8 million, which is over 74 percent of total MLAP obligations.
- As shown on the following table, BLM classified MLAP obligations as either labor or operational. Labor for the 9 states/offices and the Bureauwide account totaled over \$18.6 million, while operational obligations amounted to almost \$9.2 million.



Findings

Use of Funds for MLAP Labor and Operational Obligations

Administrative state/office	Obligations (FY 1998)							
	Labor				Operational			
	Labor charged directly ^a	Labor allocated ^b	Leave surcharge ^c (leave accrual)	Total labor obligations	Operational obligations charged directly	Operational obligations allocated ^b	Total operational obligations	Total obligations
Alaska	\$1,180,881	\$34,311	\$16,198	\$1,231,389	\$913,409	\$150,139	\$1,063,548	\$2,294,937
Bureauwide Account ^d	1,036	0	4,073,809	4,074,845	450,246	17,227	467,474	4,542,318
California	2,109,296	291,270	65,587	2,466,153	968,432	245,309	1,213,741	3,679,893
Colorado	1,000,175	168,615	29,909	1,198,699	680,169	97,599	777,768	1,976,468
Eastern States ^e	129,803	0	10,275	140,078	612,218	0	612,218	752,296
Nevada	4,101,460	236,725	271,141	4,609,327	1,176,463	577,480	1,753,943	6,363,270
New Mexico	678,315	38,576	8,907	725,798	991,846	48,397	1,040,243	1,766,041
Oregon	1,389,348	127,192	52,220	1,568,760	766,049	180,208	946,257	2,515,017
Utah	1,381,561	142,902	31,265	1,555,728	620,977	142,023	763,000	2,318,728
Washington Office	1,034,458	0	10,478	1,044,937	540,272	0	540,272	1,585,209
Totals^f	\$13,006,333	\$1,039,591	\$4,569,788	\$18,615,713	\$7,720,083	\$1,458,381	\$9,178,465	\$27,794,177

^a Labor charged directly represents labor charged to the MLAP by BLM staff.

^b Labor and operational obligations allocated represents labor by BLM staff and operational obligations for various support activities which are then allocated to BLM's programs, including MLAP. The allocation is based on the number of the work months charged to MLAP during the prior year by each state/office. The Bureauwide account and the Washington Office do not participate in the allocation of these support obligations.

^c Leave surcharge represents accrued leave for MLAP staff. Accrued leave from program operations funded from no-year lump sum MLAP appropriations is accumulated in the Bureauwide account. Accrued leave from program operations funded in-part with fee collections is accumulated in the individual states.

^d Bureauwide is an account used for the accumulation of certain program support obligations. Bureauwide operational obligations allocated represent program support obligations charged to the MLAP by BLM's Denver Centers.

^e The Eastern States Office participates in the allocation of support obligations; however, due to the low number of work months charged to MLAP, the allocation percentage is nominal and rounded to zero.

^f Because of rounding, totals may not be precise.

Source: Bureau of Land Management.



Findings

Use of Funds for MLAP Labor Obligations

- The next four slides further break down MLAP labor obligations for FY 1998:
 - As shown on the following two charts, the grade levels of BLM staff ranged between GS-1 and the Senior Executive Service (SES), although the mix varied among offices. The largest number of work hours charged (55 percent) were for grade levels 9-12.
 - The majority of BLM staff (747 staff persons or 70 percent) charged less than 25 percent of their time to MLAP.
 - Personnel from 23 different job series charged over 532,000 hours to the program. Almost 75 percent of the hours were charged for activities related to physical sciences, legal issues, and general administration and clerical work.
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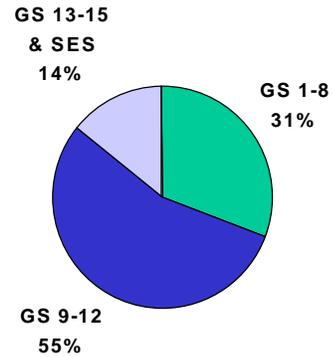


Findings

Use of Funds for MLAP Labor Obligations (Work Hours by Grade Grouping)

Number of work hours charged to MLAP by grade

Grades 1 - 8	164,123
Grades 9 - 12	293,635
Grades 13 - 15 & SES	<u>75,203</u>
Total	<u>532,961</u>



Source: Bureau of Land Management.



Findings

Use of Fees for MLAP Labor Obligations (By Grade Grouping and Location)

Number and percent of hours charged to MLAP by grade groupings and locations								
Administrative state/office	Grades 1-8		Grades 9-12		Grades 13-15 & SES		Total	
	Hours	%	Hours	%	Hours	%	Hours	%
Alaska	11,834	29	27,400	66	1,978	5	41,212	100
Bureauwide Account ^a	0	-	0	-	0	-	0	0
California	27,035	31	51,291	58	9,614	11	87,940	100
Colorado	13,119	32	23,412	56	4,998	12	41,529	100
Eastern States Office	3,048	55	995	18	1,524	27	5,567	100
Nevada	57,646	31	105,206	57	20,428	11	183,280	100
New Mexico	7,389	28	16,264	62	2,640	10	26,293	100
Oregon	19,869	33	37,062	61	3,559	6	60,490	100
Utah	17,877	31	28,708	50	10,368	18	56,953	100
Washington Office	6,306	21	3,297	11	20,094	68	29,697	100
Grand total	164,123	31	293,635	55	75,203	14	532,961	100

^a Bureauwide is an account used for the accumulation of certain program support obligations and as such has no employees.

Source: Bureau of Land Management.



Findings

Use of Fees for MLAP Labor Obligations (Employees and Hours Charged)

Number of employees and hours charged by grade grouping								
Percent of staff hours charged to MLAP	Grades 1-8		Grades 9-12		Grades 13-15 & SES		Total	
	Number of employees	Number of hours charged	Number of employees	Number of hours charged	Number of employees	Number of hours charged	Number of employees	Number of hours charged
<25	242	36,862	398	61,658	107	20,913	747	119,433
25 to 50	36	27,051	68	51,524	25	18,550	129	97,125
>50 to 75	27	34,704	52	67,079	9	11,256	88	113,039
>75	30	65,506	57	113,374	14	24,484	101	203,364
Total by grade grouping	335	164,123	575	293,635	155	75,203	1,065	532,961

Source: Bureau of Land Management.



Findings Use of Funds for MLAP Labor Obligations

Series title ^a	Hours charged	Percent
Physical Sciences	167,258	31.4
Legal and Kindred ^b	147,687	27.7
General Administration, Clerical, and Office Services	84,352	15.8
Biological Sciences	35,654	6.7
Engineering and Architecture	22,816	4.3
Miscellaneous Occupations	15,729	3.0
Business and Industry	14,293	2.7
Social Science, Psychology, and Welfare	11,883	2.2
Accounting and Budget	11,618	2.2
Investigation	10,722	2.0
Information and Arts	5,062	1.0
Personnel Management and Industrial Relations	1,482	0.3
Warehousing and Stock Handling	1,428	0.3
Supply	1,174	0.2
Education	652	0.1
Transportation/Mobile Equipment Operation	435	0.1
Equipment, Facilities and Services	280	0.1
Library and Archives	176	<.1
Quality Assurance, Inspection, and Grading	107	<.1
Transportation	101	<.1
General Maintenance and Operations Work	40	<.1
General Services and Support	8	<.1
Industrial Equipment Operating	4	<.1
Grand Total ^c	532,961	100.0

^a BLM staff may perform work for MLAP that is outside the description for their job series. For example, a BLM geologist may participate in the MLAP budgetary process.

^b Legal and Kindred includes positions which advise on, administer, supervise, or perform work of a legal or related nature (e.g. paralegal specialists, legal instruments examiners, and land law examiners).

^c Figures may not add to 100 percent due to rounding.

Source: Bureau of Land Management.



Findings

Use of Funds for Operational Obligations

- BLM subdivides operational obligations into 10 different categories, including contracts/services, equipment, other, permanent change of station, rent, supplies/materials, telephones, travel, utilities, and vehicles.
- The distribution of obligations between the 9 states/offices and the Bureauwide account to the various categories is depicted in the following table.



Findings Use of Funds for Operational Obligations (cont.)

Operational obligations for the 9 states/offices and the Bureauwide account by category											
State/ Office	Contracts/ Services	Equipment	Other	Permanent Change of Station	Rent	Supplies/ Materials	Telephones	Travel	Utilities	Vehicles	Total
AK	\$380,878	\$202,508	\$129,854	\$28,757	\$9,568	\$110,871	\$20,505	\$99,058	\$12,543	\$69,005	\$1,063,548
BW	227,934	1,002	689	226,177	3,808	3,772	3,593	81	0	418	467,474
CA	449,374	189,488	25,270	42,733	13,762	123,786	41,920	165,911	47,505	113,992	1,213,741
CO	411,212	111,385	6,044	17,062	4,948	71,671	3,785	63,289	8,660	79,712	777,768
ES	537,894	45,895	27	0	0	28,403	0	0	0	0	612,218
NV	715,502	276,413	24,596	126,165	27,130	210,369	22,916	123,951	88,834	138,067	1,753,943
NM	227,633	335,387	7,790	6	43,947	181,473	8,550	89,347	11,201	134,909	1,040,243
OR	484,643	112,312	20,915	29,996	4,801	173,519	7,089	51,588	13,185	48,209	946,257
UT	396,981	51,113	12,483	19,882	22,226	88,844	17,800	50,284	10,598	92,790	763,000
WO	138,507	71,579	75,923	0	273	36,540	0	216,985	0	466	540,272
Total^a	\$3,970,557	\$1,397,081	\$303,591	\$490,778	\$130,463	\$1,029,248	\$126,159	\$860,494	\$192,526	\$677,569	\$9,178,465

^a Because of rounding, totals may not be precise.

Source: Bureau of Land Management.



Findings

Use of Funds for Operational Obligations (cont.)

- The next two slides further break down how MLAP operational obligations were used:
 - Operational obligations (contracts/services, equipment, supplies/materials, telephones, etc.) constitute 33.0 percent of total obligations with contracts/services representing 43.3 percent of operational obligations and 14.3 percent of total obligations.
 - The contracts/services category consists of contracts and services for a variety of functions including on-the-ground project oriented work, programming and data entry, joint efforts between BLM and other agencies (federal, state, and local), training, and transportation.



Findings

Use of Funds for Operational Obligations (by Category)

Operational categories	Operational obligations	Percent of total operational obligations	Percent of total MLAP obligations ^a
Contracts/Services	\$3,970,557	43.3	14.3
Equipment	1,397,081	15.2	5.0
Supplies/Materials	1,029,248	11.2	3.7
Travel	860,494	9.4	3.1
Vehicles	677,569	7.4	2.4
Permanent Change of Station	490,778	5.4	1.8
Other	303,591	3.3	1.1
Utilities	192,526	2.1	0.7
Rent	130,463	1.4	0.5
Telephones	<u>126,159</u>	<u>1.4</u>	<u>0.5</u>
Total operational obligations ^b	<u>\$9,178,465</u>	<u>100.0</u>	<u>33.0</u>

^aTotal MLAP obligations for the 9 states/offices and Bureauwide account in FY 1998 were \$27,794,177.

^bTotals may not be precise due to rounding.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services

- We reviewed a judgmental sample of the contracts/services charged to MLAP in FY 1998 in order to determine the purpose of the contract or service provided. For our sample, we selected payees based on the total amount charged by individual payee to MLAP for contracts/services. The sample covered over \$2.7 million, or approximately 68.5 percent, of the total reported operational obligations for the category.
- The contracts and services covered in our sample are summarized by state and payee in the following table.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
Alaska	Department of the Interior's Office of Aircraft Services	\$103,334	Funding for aircraft transportation for a variety of MLAP activities, including compliance examinations, mineral patent examinations, and reclamation.
	Adventures in Engineering	60,000	Funding for the collection of base data from specific watersheds to determine the impacts of mining.
	Computer Software Services	40,000	Funding for a technical writer for mineral patent examinations.
	Ducks Unlimited	35,000	Funding for (1) retrieving and updating mining claim listings from the Bureau of Mines database, (2) updating and making the data available on a web site in cooperation with the state's Department of Natural Resources, and (3) working at the geological materials center.
	Positive Systems	24,970	Contract for the construction of a digital database for the mapping of vegetation before and after mining and to delineate mining features.
	Anchorage School District Contract	9,915	Contract to fund student assistants to help in various administrative functions at the Anchorage field office.
	Alaska Natural History Association	8,000	Funding assistance for educational programs related to the wise use of natural resources involved in mining.
Total for Alaska		\$281,219	
Source: Bureau of Land Management.			



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
Bureauwide	Bureau of Reclamation (BOR)	\$219,000	Funding for BOR's administration of BLM's automated accounting system (\$117,000) and automated payroll system (\$102,000).
Total for Bureauwide		\$219,000	
California	Christopher J. Spano	\$74,880	Contractor for the geographic coordination system that tracks mining claim information for BLM's cadastral survey system.
	Regents, University of California	53,197	Two cooperative agreements between BLM and the Office of Research Affairs, University of California for \$29,967 and \$23,230 respectively, to provide Geographic Information System (GIS) support.
	Environmental Dynamics Inc.	45,000	Funding for environmental cleanup efforts at the Painted Gorge abandoned gravel processing plant and a dump site at Imperial Gables.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	US Investigations Services, Inc.	10,000	Funding for investigations of formal Equal Employment Opportunity (EEO) complaints of four BLM employees in the Palm Springs Field Office.
	U.S. Geological Survey	9,100	Funding for a temporary employee in an administrative support position.
	Hollywood Show Lights	3,150	Two contracts for the removal of trash and material from the unauthorized occupancy of a mining claim in the Tick Canyon area of Los Angeles County (\$2,450) and to install protective earthen barriers (\$700) in the same area. Hollywood Show Lights maintained a fleet of vehicles for lease to the film industry and had the heavy equipment required by the contracts.
Total for California		\$195,327	
Colorado	State of Colorado	\$158,000	Part of a multitask agreement in which the state agrees to act as the contractor and administrator of various remediation efforts associated with abandoned mine closures.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative States/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	Hazwaste Technologies	48,721	\$38,721 for a contract covering remediation work at the Saquache mill site, including the removal of waste products, and \$10,000 for sampling and laboratory testing associated with potential environmental and health hazards caused by lead waste at a mill site.
	Department of Agriculture	8,535	Part of an agreement with the U.S. Forest Service that allows BLM to contract for the services of Forest Service employees, including: <ul style="list-style-type: none"> • \$4,500 for a Forest Service employee to act as BLM's representative for land use issues. • \$2,000 for a Forest Service employee to conduct a habitat survey of a threatened and endangered species of butterfly in an area of historical mining activity. • \$2,035 for the services of a Forest Service botanist.
Total for Colorado		\$215,256	

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
Eastern States Office	Science Application International Corporation	\$517,894	Contract for the creation of a computerized database of BLM's historical land records, including mining patent records, for the western United States.
Total for Eastern States Office		\$517,894	
Nevada	TRW Data Technologies	\$203,423	Contract for the conversion of mining claim documents from hard copy to optical disk and to make the information accessible off-site.
	University of Nevada	104,000	\$54,000 for a mineral assessment of the Washoe County Open Space Plan Amendment Area, \$30,000 for an aggregate resource study for portions of Washoe, Douglas, Lyon, Storey, and Carson Counties, and \$20,000 to assist in the funding of the publication of <i>Minerals of Nevada</i> by the University of Nevada.
	State of Nevada	60,000	Contract for an abandoned mines inventory.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	Safety Kleen Corporation	20,107	Contracts for the analysis of substances at Osage mill site, the removal and disposal of unknown substances at the McMillan mill site, and the removal and disposal of hazardous materials and other substances.
	Headquarters West LTD	17,500	Contract for the appraisal of mineral material commodities located within lands managed by the Las Vegas Field Office.
	National Park Service	11,363	Funding for an agreement with the National Park Service for staffing at the interagency fire dispatch office.
	Community of Science Inc.	4,900	Subscription to geology reference material.
Total for Nevada		\$421,293	
New Mexico	Public Lands Interpretive Association	\$45,000	Cooperative agreement for web site work and brochures for BLM's Public Land Information Center.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	Hispanic Association of Colleges & Universities	40,000	Cooperative agreement that includes BLM's sponsorship of university students at the association's annual conference.
	RCI, Inc	34,634	Contract for janitorial services with the National Industry of Severely Handicapped at BLM's Farmington, NM, office.
	National Park Service	30,000	Based on an interagency agreement, these funds were for the preservation of cultural properties located in the historical mining town of Lake City, NM, that is located on lands managed by BLM.
	New Mexico Highlands University	13,500	Purchase order for the planning, development, and delivery of a model for natural resource students at the annual conference of the Hispanic Association of Colleges and Universities.
Total for New Mexico		\$163,134	
Oregon	Western Mine Engineering Inc.	\$90,750	Contract for mining claim validity examinations.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	TRW Technologies	90,000	Contractual agreements for scanning technology support with regard to public records and map work benefiting the minerals program.
	American Geological Services	30,540	Contract for mineral evaluations of mining claims included in mineral patent applications.
	Environmental Careers Organization	25,688	Contractual services to provide inventories of threatened and endangered species for mining claim plans of operation.
	Department of Agriculture	21,001	Part of an agreement with the U.S. Forest Service that allows BLM to contract for or share the services of USFS employees, including: <ul style="list-style-type: none"> • \$11,300 for the shared services of an employee providing support to mineral patent processing. • \$4,596 for the services of a USFS archeologist. • \$1,920 for the construction of safety fences around rehabilitated mining sites. • \$1,734 for the services of a Public Room employee. • \$1,451 for the shared services of an administrative assistant to do billings and collections for multiple programs, including mining.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	Heritage Research Association Inc.	10,000	Contract for cultural resource surveys as part of the analysis/approval of mining plans of operation.
	Andrew J. Regis	10,000	Contract for mining claim economic analysis for validity examinations.
	University of Oregon	4,000	Professional training at an archeology field course.
	University of Washington	1,800	Professional training for a BLM geologist.
Total for Oregon		\$283,779	
Utah	University of Utah	\$85,500	Contracts for assistance in the development of a predictive computer model that describes water quality from waste rock associated with mining.
	Minnesota Department of Natural Resources	85,500	Two contracts to perform chemical and mineralogical studies on waste rock samples to generate data for the predictive computer model being developed by BLM with the assistance of the University of Utah.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	Grand Staircase-Escalante National Monument	60,000	Agreement with Kane County and the National Park Service to facilitate resource development within the county, provide for sufficient law enforcement and search and rescue services within the Monument and to facilitate BLM's planning process for the monument.
	Norwest Mine Services Inc.	30,000	Contract for the appraisal of federal coal leaseholds.
	BLM employee	24,000	Equal Employment Opportunity (EEO) complaint settlement payment.
	State of Utah	23,000	Reclamation of Drum mine site.
	Chemical and Mineralogical Services	8,000	To analyze brine samples for BLM's Salt Laydown Project. The purpose of this project is to replenish the layers of salt on the Bonneville Salt Flats.
	Charles M. Preece	7,500	Building modifications for leased field office space.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	Utah State University	6,000	Contract to collect and deliver weather and climate data from two stations on the Bonneville Salt Flats. Data is to be used in the management of BLM's Salt Laydown Project. The purpose of this project is to replenish the layers of salt on the Bonneville Salt Flats.
Total for Utah		\$329,500	
Washington Office	Office of the Secretary	\$25,500	\$20,000 for a fixed cost account to which all subactivities contribute to cover anticipated government postage cost during FY 1998 and \$5,500 for two contracts for attorney services provided by the Office of the Solicitor.
	Montana Bureau of Mines & Geology	24,901	Funding for the development of the Placer Examination Handbook by the Montana Bureau of Mines & Geology and BLM's National Training Center.
	Clark Atlanta University	20,000	Contract to conduct water research and testing on abandoned mine land waters taken from abandoned mine areas and mining claims on federal lands.

Source: Bureau of Land Management.



Findings

Use of Funds for Contracts/Services (cont.)

<u>Administrative State/Office</u>	<u>Payee</u>	<u>Amount</u>	<u>Description</u>
	Bureau of Reclamation (BOR)	15,000	Two contracts for BOR's assistance in the rewriting of the 43 CFR 3809 - Surface Management regulations. \$7,500 to develop a model to analyze public comments received by BLM and \$7,500 to prepare an environmental impact statement analysis of hardrock mining on federal lands.
	Resource Data International	8,000	Contract for the development of manuals for fair market value estimates of coal. These values are used in estimating coal productions on federal lands for the President's Budget.
Total for Washington Office		\$93,401	
Total Contracts/Services Sampled		\$2,719,803	

Source: Bureau of Land Management.



Findings

Use of Funds for Operational Obligations

- We also reviewed BLM's accounting records for the operational categories of Equipment, Other, Permanent Change of Station, Rent, Supplies and Materials, Telephones, Travel, Utilities, and Vehicles, in order to determine the purposes for which operational funds were obligated.
- The following table summarizes the obligations charged to the various operational obligation categories by category, budget object class, amount, and percentage.



Findings Use of Funds for Operational Obligations

Equipment

- Non-capitalized Equipment – \$916,162 (65.6%)
- Capitalized Equipment - \$480,919 (34.4%).

Other

- Grants, Subsidies, & Contributions - \$82,923 (27.3%)
- Printing and Reproduction - \$69,200 (22.8%)
- Land and Structures - \$62,687 (20.7%)
- Insurance Claims & Indemnities - \$54,508 (17.9%)
- Transportation of Things - \$23,698 (7.8%)
- Miscellaneous Charges - \$10,576 (3.5%)

Permanent Change of Station (PCS)

- Personnel Benefits (Relocation Costs) - \$373,375 (76.1%)
- Transportation of Household Goods - \$69,573 (14.2%)
- Storage of Household Goods - \$35,842 (7.3%)
- Miscellaneous Charges - \$11,988 (2.4%)

Source: Bureau of Land Management.

Rent

- Equipment Rental (copiers) - \$61,027 (46.8%)
- Space Rental Payments to Others - \$36,282 (27.8%)
- Space Rental Payments to GSA - \$25,455 (19.5%)
- Miscellaneous Rental Charges - \$7,699 (5.9%)

Supplies and Materials

- Office Supplies/Materials - \$623,107 (60.5%)
- Automated Data Processing (ADP) supplies and materials - \$295,179 (28.7%)
- Periodicals and Subscriptions - \$34,418 (3.3%)
- Supplies – Fedstrip (bulk orders) - \$29,518 (2.9%)
- Miscellaneous Charges - \$47,025 (4.6%)

Telephones

- Commercial Charges (local) - \$78,521 (62.2%)
- GSA Commercial (not-FTS) - \$22,211 (17.6%)
- Commercial Charges (long distance) - \$15,669 (12.4%)
- Telephone Equipment – Lease/Rent - \$7,239 (5.7%)
- Miscellaneous Charges - \$2,518 (2.0%)

Travel

- Per Diem - \$488,187 (56.7%)
- Commercial Transportation (tourist class) - \$203,826 (23.7%)
- Non-Foreign Travel Obligations - \$76,617 (8.9%)
- Privately Owned Vehicle (POV) Mileage Allowance - \$32,654 (3.8%)
- Passenger Vehicle Rental - \$24,937 (2.9%)
- Miscellaneous Charges - \$34,273 (4.0%)

Utilities

- Utilities - \$192,526 (100.0%)

Vehicles

- Purchase of Goods – Working Capital Fund (vehicle replacement fund) - \$256,919 (37.9%)
- Transportation (GSA owned) - \$232,282 (34.3%)
- Transportation (BLM owned) - \$144,821 (21.4%)
- Repairs and Maintenance – Vehicle - \$15,639 (2.3%)
- Equipment Rental – Heavy - \$15,006 (2.2%)
- Miscellaneous Charges - \$12,902 (1.9%)



Findings

Use of Funds for Operational Obligations

(Support vs. MLAP operations-related)

- As shown on the following table, almost 68 percent of total reported operational obligations were used for activities directly related to MLAP operations, such as claim recordation, fee collection, patent processing, surface management, compliance inspections, and the processing of plans of operations.
- The remaining 32 percent of total reported operational obligations funded various support activities that were both allocated and directly charged to the program. Allocated obligations included such obligations as utilities and telephone services, while directly charged obligations included MLAP-related obligations, such as information and communication services and procurement.



Findings

Use of Funds for Operational Obligations (Support vs. MLAP operations-related)

Operational obligations by type of activity	Dollars	Percent
Support activities (allocations) ^a	\$1,458,381	15.9
Support activities (direct charges) ^b	1,520,304	16.6
MLAP operations-related activities at headquarters and state office level ^c	2,360,217	25.7
MLAP operations-related activities at field office level ^d	3,839,563	41.8
Total	\$9,178,465	100.0

^a Obligations that support multiple programs but which cannot be readily identified with or assigned to a specific program, including such activities as telephone services, utilities, and rent.

^b Obligations of the State Director's Office and other support offices for various activities that support and can be directly identified with MLAP, including information and communication services and procurement.

^c Obligations at headquarters and the state office level for a variety of activities directly related to MLAP operations, including collection of fees, claim recordation, land law examinations, and patent application processing.

^d Obligations at the field office level for activities directly related to MLAP operations, including such activities as surface management, compliance inspections, and the processing of plans of operations.



Findings

MLAP Activities Accomplished in FY 1998 As Reported by BLM

- As depicted in the following chart, BLM used MLAP funds to accomplish a variety of functions, including approving plans and notices of operation, making surface inspections, resolving occupancy trespass cases, making mining claim validity determinations, recording and adjudicating new claims, and processing fees and waivers.



Findings

MLAP Activities Accomplished in FY 1998 As Reported by BLM

Functions	AK	CA	CO	ES	NV	NM	OR	UT
Mining operations approved (# of plans and notices)	115	78	3	0	388	13	87	40
Surface management inspections (# of inspections conducted)	216	437	0	0	1,675	147	518	494
Occupancy trespass cases resolved (# of cases)	0	32	0	0	22	2	7	4
Mining claim validity determinations (includes mineral patents processed)	6	3	0	0	5	0	4	1
New mining claims recorded/adjudicated (# recorded)	594	2,172	796	0	14,735	651	616	1,568
Maintenance fee collections (# processed)	8,722	21,767	7,748	7	133,421	7,083	5,714	10,955
Waivers of maintenance fees ^a (# processed)	1,354	4,462	1,264	16	3,065	1,335	3,350	1,111

^a Holders of 10 and fewer mining claims or sites may apply for a waiver of the payment of mining maintenance fees. These individuals must file an affidavit certifying the performance of \$100 of assessment work per claim or site annually.

Source: Bureau of Land Management.